

## DURHAM



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CITY OF MEDICINE

May 15, 2017

Mayor Bell and Members of the Durham City Council:

I am pleased to present the proposed fiscal year 2017-18 budget, the culmination of months of work with input from many residents who shared their priorities and vision for Durham. Each year the budget process helps us focus on the most important issues and priorities for our community. The City's Strategic Plan serves as a guide for our proposals and decisions. Staff reflect upon the value of the services we provide and recognize that the decisions we make today will impact Durham's future.

This year the City's budget comes during a time of great change and transition, not only for our country, but for Durham as well. As we look toward the next fiscal year and continue to discuss our vision for the future of Durham, this is an opportunity to look back at what we have accomplished under the leadership of our out-going Mayor. Projects like the Durham Performing Arts Center (DPAC), the renovation of the American Tobacco Campus, and the revitalization of Southside have helped lay the foundation for Durham to be a place where great things happen. Newer residents of Durham may find this hard to believe, but there were many naysayers in the community when DPAC was proposed. Thanks to the leadership of Mayor Bell, his vision of a thriving downtown with a world-class venue became a reality. Before the American Tobacco Campus became an example of innovative economic development, it was an eyesore and reminder of how far Durham had fallen. Owing to the efforts and dedication by the Mayor, City Council, and community leaders who were able to make the public-private partnerships possible, these projects transformed our City and community.

The future is as exciting as our past. As any visitor to downtown Durham can attest, the sound of construction and the sight of cranes are now as common as the smell of tobacco once was. The One City Center project is currently changing the skyline of Durham and will bring office space and residents to downtown. This year ground also broke on the new Durham Innovation District, an exciting research space that will bring jobs and businesses to downtown. Outside of downtown, the Mayor's T<sup>2</sup> Transformation in Ten Initiative (formerly Poverty Reduction Initiative) is actively working to improve the lives of some of our most vulnerable residents. The investments the City has made in the Southside neighborhood has revitalized the area and allowed for many longtime residents to stay and share in those changes. Also this year, the Durham Bike + Walk Plan worked with the community to identify projects that will help us connect our City and improve the mobility and health of our residents.

Durham has come a long way thanks to the leadership and guidance of the Mayor and City Council; however, there is still work to be done to continue improving the lives of Durham residents. Throughout this budget process we heard from residents and community leaders about the importance of affordable housing and ensuring that longtime residents of Durham can continue to stay in the City they love. To acknowledge that priority, we have included a 1 cent property tax increase to help fund the Five-Year Affordable Housing Strategy. We also heard from residents wanting to see improvement in the quality of their neighborhood streets. As a result, we are committing \$6.6 million to street resurfacing and maintenance efforts, which is \$3.6 million more than we had initially planned for the upcoming year. Based on feedback from City Council and work from our Parks and Recreation department, the proposed budget includes a pilot program to eliminate fees and allow more youth to have access to City recreation facilities and programs.



As the City of Durham continues to grow, this budget also includes investments in our community's future. In fiscal year 2017-18, we will be bringing on an additional 30 fire fighters to staff the new Station 17. This allows the City to continue providing emergency response to our ever-growing population. This year we will also invest \$121.5 million in capital projects to upgrade and expand our water and wastewater infrastructure, allowing the Water Management department to provide water to their customers in an efficient and effective manner.

With these investments in our future, Durham will continue to work toward being a City where people of all backgrounds want to live, work, and play.

## THE BUDGET DEVELOPMENT PROCESS

This year's budget deliberation process included many opportunities for discussion and community input. This process is challenging, however I believe that it leads to a sound proposed budget that reflects not only the priorities of City Council and staff, but also the priorities of the residents of Durham.

Durham has an outstanding reputation for resident participation in the budget process and this year we improved our efforts from previous years. During this year's budget development process, City Council members attended five **"Coffees with Council"** to gather input from residents. Two public hearings were also scheduled to receive comments from residents. The first hearing to receive input on priorities for the upcoming year was held on March 6th. The second public hearing will be held on June 5th to receive feedback on the proposed budget.

In an effort to expand the number of residents who have their voice heard in the budget process, Budget & Management Services partnered with Public Affairs to distribute a budget priority survey out to residents of Durham. **The one-question survey asked residents to rank seven City services in priority order. Outreach efforts included presenting to 21 community groups and sharing the online survey through the City's many communications tools. Overall, we heard from 2,139 residents as part of the new effort.** Those residents overwhelmingly thought that sidewalks should be a priority for the City, with more than 60% of respondents putting it as a top three priority. Approximately 55% of respondents thought trails and greenways were a top three priority. And over 50% had parks and open space as a top three priority.

The **City Council budget retreats** were held in February, which provided an opportunity for City Council members and staff to discuss and confirm priorities for the upcoming fiscal year. Staff also briefed City Council on financial projections, feedback from residents, and major initiatives for the upcoming budget.

In addition to the engagement efforts undertaken as part of the budget process, the City also worked with a consultant to conduct the annual **Resident Satisfaction Survey** to get a representative snapshot of how the City of Durham is providing services to our residents. In 2016 Durham continues to deliver, as 80% of residents feel that Durham is a good-to-excellent place to live, and 73% are satisfied with the overall quality of life in their neighborhood. In 2015, the City began partnering with Durham County to conduct the survey and added Durham Public Schools as a third contributor in 2016.

The Resident Satisfaction Survey assesses how well the City is achieving its vision and mission with both quality of life and service quality questions. It also provides feedback on what services or priorities need to be addressed from the residents' perspective. Since it is administered annually, departments can assess how well their work is impacting key targets and implement new ideas to better achieve progress. Through our new performance management software system, departments now have the capability to better track performance related to the Resident survey and are better able to communicate results. The full roll out will occur in FY2017-18 and will provide a better tool to track how we are doing, how well we are progressing and whether or not what we are doing is improving results.

The community priorities that come from these many interactions generally fall into one or more of the goals outlined in the Strategic Plan:

- Strong and Diverse Economy
- Safe and Secure Community
- Thriving and Livable Neighborhoods
- Innovative and High-Performing Organization
- Stewardship of City's Physical and Environmental Assets

## BUDGET GUIDELINES

The City Council adopted budget guidelines to inform the development of the budget. These guidelines, along with the Strategic Plan, served as the framework for developing the budget, and include:

- The tax rate for the **General Fund** will be at least **32.99 cents** (per \$100 assessed value), including an **increase of 0.79 cents to support new public safety initiatives**. An **additional tax rate adjustment up to 0.93 cents** (per \$100 assessed value) may be considered to cover the unfunded portion of **implementation the police and fire pay plans**.
- **The tax rate for debt service and cash funded capital will not exceed the current rate of 13.02 cents** (per \$100 assessed value) including fleet replacement.
- **Fund balance** in the **General Fund** will not be projected to fall **below 12%** at the end of **FY2017-18**.
- The tax rate for the **Solid Waste Fund** will not exceed **6.29 cents** (per \$100 assessed value). This represents an increased allocation from the General Fund tax rate in the amount of 0.16 cents to fund increases in indirect costs.
- Funding of the Downtown **Business Improvement District (BID)** shall remain at **7 cents** (per \$100 assessed value).
- The tax rate for the **Dedicated Housing Fund** should be at least **1 cent** (per \$100 assessed value). An **additional tax rate adjustment of up to 1 cent** (per \$100 assessed value) may be considered to fund the Five-Year Affordable Housing Goals.
- The **Transit Operating Fund** tax rate allocation will be reduced to 3.56 cents (per \$100 assessed value) due to the elimination of the fund deficit. Consideration of **additional new/expanded services** included in the update to **Bus and Rail Investment** plan will require an increase in the property tax rate allocation.
- **Non-recurring funds** should not be directed toward recurring uses.
- A tax rate increase may be considered to **fund new initiatives** with recurring cost that cannot be otherwise funded.
- **Fee adjustments** will be considered, as appropriate, to align fee revenues with cost of services for better cost recovery rates.
- Proposed **water and sewer rate** increases will not exceed an average of **3.0%**.
- **Stormwater rates will remain unchanged** for the **FY2017-18** fiscal year.
- **Funding for 30 additional fire fighters (30 new FTEs)** will be included in the general fund budget supported by a tax rate increase of 0.67 cents.



- Funding to support the **Community Oriented Policing Services (COPS)** grant will be supported by a tax rate increase of 0.12 cents.
- **Parks and Recreation - Expansion of Services for Youth and Fee Free Services** will be considered at an additional tax rate increase of .20 cents (per \$100 assessed value).
- The dedicated **Street Resurfacing Fund** will be increased by at least **\$1,000,000 and up to an additional \$2,000,000 from fund balance** will be considered FY2017-18.
- Funding for **deferred maintenance** will increase by **\$100,000** from **\$700,000** for FY2016-17 to **\$800,000** for FY2017-18.
- **Fleet replacement funding** for the General Fund will be provided in accordance with the Fleet department's **10-year recommendation plan** within the debt model.
- General Fund balance will be used to fund **phase 2 of the sworn Police take home vehicle initiative**.
- New funding priority will be given to those requests that support the **Strategic Plan** including **initiatives that address quality of life issues**.
- City employees are at the core of City services. One objective under **Goal 4 of the City's Strategic Plan** is to **"establish an exceptional, diverse, engaged and healthy workforce"**. Attracting and retaining a competent, high quality workforce is essential to being a high performing organization. Therefore, we will continue to consider employee compensation adjustments as a priority. **The following pay and benefit components will be proposed:**
  - Pay for Performance pay plan for General employees –budgeted 4.0% average (flat with FY2016-17).
  - Pay Plan for sworn Police employees – 5.0% average (0.5% increase).
  - Pay Plan for sworn Fire employees – 5.0% average (1.0% increase).
  - Supplemental Retirement-401K – remain at 5.0%
  - Medical Insurance for all employees – average increase for the City 11.5% and employees 8%.
  - Dental insurance – cost will remain flat – for both the City and employees

## BUDGET OVERVIEW

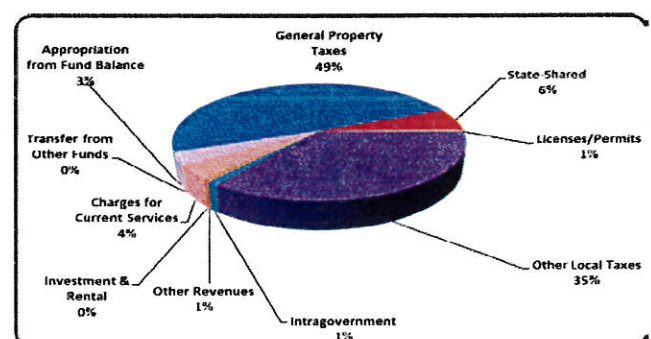
The total proposed **budget for FY2017-18 is \$429.4 million** compared to \$404.9 million for FY2016-17, an **increase of \$24.5 million (6.1%)**.

## GENERAL FUND

The General Fund budget (which provides funding for core city services) is **\$189.4 million** and represents a **\$8.1 million (4.7%) budget increase** from the FY2016-17 budget of \$180.9 million.

### Revenues (budget-to-budget)

- A 5.3% increase in property tax revenues recognized in the General Fund.
- A 6.2% increase in Other Local Taxes.
  - A 8.9% increase in sales tax revenue
  - A 7.0% increase in Hotel Occupancy Tax
- A 2.2% decrease in State Collected Local Government Revenues.



- A 2.5% increase in Powell Bill revenue
- A 2.0% increase in Beer and Wine tax
- A 17.2% decrease in Telecommunications Franchise tax
- A 1.6% decrease in Video Utility Franchise tax
- A 2.0% increase in ABC revenues
- A 6.7% increase in Charges for Services.
  - A 3.9% increase in development fees (Planning)
  - A 3.9% increase in communications center and radio maintenance revenues (E-911)
  - A 54% increase in technology surcharge fee (related to inspections activity)

This budget appropriates \$6.1 million from fund balance which is a 20.5% decrease from FY16-17. Due to the substantial savings in Fiscal Year 2016-17, the City is poised to have a 27.55% general fund reserves to safeguard against economic uncertainty or emergency conditions.

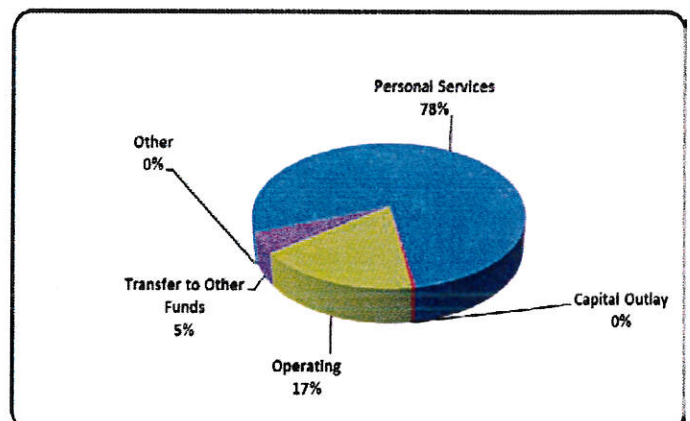
### Property Tax Rate

- The **proposed property tax rate is 57.86 cents per \$100 of assessed value.**
- The **tax rate is allocated** as follows:
  - 32.99 cents per \$100 for General Fund operations
    - Decrease of 0.16 cents per \$100 (offset with higher indirect costs from Solid Waste Fund)
    - Increase of 0.55 cents per \$100 shifted back to General fund from Transit Fund
    - Increase of 0.79 cents per \$100 for 30 new firefighters and .12 cents per \$100 for the Community Oriented Policing (COPS) grant.
  - 13.02 cents per \$100 for Debt and Capital Projects
  - 6.29 cents per \$100 for Solid Waste
    - Increase of 0.16 cents per \$100 as noted under General Fund to offset increased indirect costs
  - 3.56 cents per \$100 for Transit
    - Decrease of 0.55 cents per \$100 as noted under General Fund
  - 2.0 cent per \$100 for Dedicated Housing Fund

**A tax rate of 57.87 per \$100 assessed value generates a tax bill of \$1,048 on a house valued at \$181,104** which is the median house value for the City of Durham according to the Durham County Office of Tax Administration.

### Expenditures (budget-to-budget)

- Personnel expenditures increased by \$6.94 million (4.9%).
- Operating expenditures decreased by \$2.48 million (-7.3%)
- Transfers increased by \$3.5M (68%).





## WATER AND SEWER FUND

The **Water and Sewer Fund budget of \$100.2 million** adequately supports water and sewer operations as well as an increase in the capital projects related to replacing and upgrading the City's water infrastructure.

### Revenues

Moderate increases for water and sewer volume charges and service charges are budgeted for FY2017-18. **The total rate increase to the average customer is about 2.6%.** Rate changes are proposed to become effective July 1, 2017, with implementation in the August and September billings.

	FY 17 Rates	FY 18 Rates
<b>Monthly Water Rates</b>		
Service Charge	\$ 6.92	\$ 7.15
Volume Charge - Tiered Rates (per 100 cubic foot - ccf)		
Tier 1 (0 - 2 ccf)	\$ 1.88	\$ 1.93
Tier 2 (>2 - 5 ccf)	\$ 2.83	\$ 2.91
Tier 3 (>5 - 8 ccf)	\$ 3.10	\$ 3.19
Tier 4 (>8 - 15 ccf)	\$ 4.06	\$ 4.16
Tier 5 (>15 ccf)	\$ 6.07	\$ 6.23
<b>Monthly Sewer Rates</b>		
Service Charge	\$ 7.69	\$ 7.91
Volume Charge (per ccf)	\$ 4.07	\$ 4.16

These rate changes account for the increase in water and sewer user revenues over the FY2017-18 budget. Overall Water and Sewer Fund revenues are budgeted to increase 6.5%.

### Expenditures

Water and wastewater Capital Improvement Program (CIP) projects total **\$121.5 million to improve the infrastructure** required to ensure adequate water supply, treatment and delivery for FY2017-18. A \$32.4 million transfer to the CIP is planned for FY2017-18, about \$10.4 million more than the amount transferred in FY2016-17.

## HIGHLIGHTS OF THE FY2017-18 BUDGET

As stated earlier, the City aligns all of its activities with the citywide Strategic Plan goals: (1) Strong and Diverse Economy, (2) Safe and Secure Community, (3) Thriving, Livable Neighborhoods, (4) Innovative and High-Performing Organization, and (5) Stewardship of City's Physical and Environmental Assets.

The City's FY2016-2018 Strategic Plan was adopted by City Council on June 15, 2015. During the update process, goals, objectives, outcome measures, initiatives, and key priorities were all assessed, with new measures and initiatives added. An important component of the Strategic Plan is engagement of residents, stakeholders, and City staff in an effort to understand their vision of the five Strategic Plan goals and their ideas for specific projects and activities.

The Strategic Plan's new outcome measures, objectives, intermediate measures, and initiatives were reported for the first time during FY2015-2016 at [DurhamNC.gov/StrategicPlan](http://DurhamNC.gov/StrategicPlan). At the last update, a majority of the current initiatives are meeting or slightly below target. In addition, 31 of the 60 initiatives have been completed. The organization has made much progress during the second fiscal year of the new plan but an emphasis on implementation is needed to continue this momentum.



This May, the Strategic Plan Resident Dashboard received a new look. This new streamlined version of the plan is easier to understand and will hopefully be inviting for residents to explore and learn more about where the City is going and how we plan on getting there.

## INNOVATIVE AND HIGH-PERFORMING ORGANIZATION

Provide professional management that encourages a culture of innovation, collaboration, and transparency to deliver quality services through an exceptional, diverse and engaged workforce.

### Foster a Culture of Innovation

During FY2016-17, the Office of Performance and Innovation focused on three initiatives that helped create the innovation capacity to successfully be awarded \$1.2M over three years as part of the **Bloomberg Philanthropies Innovation Team Grant Project**. In FY2017-18 funding will be provided to address challenges facing “Justice Involved Youth.” Funding will support 3 FTE’s that will utilize human centered design to co-create potential solutions with the community around not only the economic vitality of justice involved residents, but also violent crime and poverty. Having a Strategic Plan goal focused on creating a high performing and innovative organization has laid the groundwork for successfully receiving the Bloomberg Innovation Team grant.

**IdeaStarter: Funding of \$10,000 is provided in FY2017-18 to support a second round of employee idea generation and prototyping.** These ideas have the potential to create a cost savings for the City, make a process or service more efficient or effective, and/or improve the overall community. Ideas were collected from employees during November and December 2016. Over 60 ideas were submitted from Durham employees that focused on internal changes to improve a process or lead to better customer service. **Five ideas were selected as finalists to be prototyped during FY2017-18.**

**IdeaLab: During FY2017-18, the City and County of Durham are jointly making time and space for innovation. The focus of FY2017-18 will be on process improvement strategies.** The goal is to equip employees, so they can make process improvement in their departments during FY2017-18. The vision of IdeaLab is for employees to take the concepts they learn back to their departments, thereby empowering employees to look for ways to continuously improve and innovate. The Office of Performance and Innovation supports the effort through staff time and resources working with departments to identify and facilitate process improvements.



**What Works Cities: During FY2017-18 the City of Durham will continue working with What Works Cities to implement innovative approaches related to open data and performance management.** The City of Durham was accepted as a What Works City in 2017 and has worked with Johns Hopkins Center of Government Excellence to strengthen both performance management and open data policies. The work has focused on supporting the launch of the Development Services Center through creating a performance analytics framework for a data storing process so departmental stakeholders can more

easily share data and focus on areas of potential improvement throughout the development review process. **Work in FY2017-18 will include updating the Open Data Policy as well as fostering a culture of performance analytics using data to improve operations real time.**

### Leadership & Employee Development

Several recent surveys have indicated a desire among our employees for more professional development opportunities. In order to provide increased development options for all City of Durham employees, this budget includes funding to **implement the Strategic Training Plan**. Highlights for the FY2017-18 fiscal year include:

- Training for all employees on the City's values and basic job behaviors and business-success competencies to strengthen the City's culture



- Customized academies for leaders at all levels, including front-line supervisors and middle managers
- New courses and curriculums, designed for the City of Durham
- Assessments to better understand our employees' strengths and training gaps

In addition, the FY2017-18 budget funds two important initiatives designed to increase equity within the City. **The Diversity Recruitment Initiative** will use targeted advertising to increase the applicant pool of qualified females and/or minorities for positions in which they are underrepresented. The City will also provide Racial Equity Training for an additional 150 employees throughout the organization.

### **Employee Compensation and Benefits**

The City offers comprehensive benefits to all employees. Funding is provided to support a budgeted average general employee pay increase of 4.0% and to support a budgeted average police and fire employee pay increase of 5.0%. In accordance with State Statute, the city's contribution to the Local Government Employees Retirement System (LGERS) for general employees is increasing from 7.25% to 7.50%. Law enforcement officers will increase from 8.0% to 8.25%. The City also provides additional retirement savings through an employee 401K which remains funded at a rate of 5.0% of eligible employees' salary. State statute requires local governments to contribute 5% for sworn law enforcement officers. Due to increasing costs and reduction of the Insurance Fund reserves, health insurance premiums will increase by 25% for Core, 15% for Basic, and 10% for Blue Local plans. There are no rate changes for dental insurance premiums for FY2017-18. In the upcoming year, all employees will receive Total Compensation Statements which will itemize all forms of compensation provided to an employee, including salary, leave accruals, health, dental, 401K, retirement, life insurance, and items like the Employee Assistant Program.

### **Employee Satisfaction Survey**

**The City's biennial Employee Satisfaction Survey was conducted in spring 2017 with an overall participation rate of 73% (70% participation rate is excellent).** Results will be shared with Department Directors and employees during the month of May and City Council will receive a presentation in early June. City Administration and affected departments will then develop action plans to address areas of concern.

### **Cyber Security**

Based on the recommendation from the most recent security audit, as well as benchmarking data from municipalities, funding is allocated for a Cyber Security Program. This program will greatly enhance the protection of the City's sensitive information by funding a **Senior Security Analyst** and necessary software to track cybersecurity threats. As a best practice, the City will also perform annual city-wide technology security audits.

### **Awards and Recognitions**

The City of Durham has won three national recognitions for its financial accountability and reporting to Durham's residents, **which makes it one of only two North Carolina cities to hold all three major awards from the Government Finance Officers Association of the United States and Canada (GFOA).**

- **The City of Durham has been recognized for the 28<sup>th</sup> consecutive year for its budget reporting by the Government Finance Officers Association (GFOA),** a professional association of more than 18,000 members throughout North America that has served the public finance profession since 1906. The GFOA's Distinguished Budget Presentation Awards Program is the only national awards program and the highest form of recognition in governmental budgeting.
- For the 13th consecutive year, the GFOA recognized the City for outstanding achievement in **Popular Annual Financial Reporting for its annual publication, the Citizens' Financial Report.** The Citizens' Financial Report provides an overview of the City's financial condition and summary of the City's progress during the previous fiscal year. This year's award is for the fiscal year that ended June 30, 2016.



- o In addition, for the 32nd consecutive year the GFOA has also awarded the **Certificate of Achievement for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report (CAFR)**. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

**Durham was recognized by the federal government for effectively ending chronic veteran homelessness.** The U.S. Department of Housing & Urban Development (HUD), U.S. Department of Veterans Affairs, and the United States Interagency Council on Homelessness notified the City that the Durham community has effectively ended chronic homelessness among disabled veterans. This achievement was made possible through a coordinated effort facilitated by the Durham Homeless Services Advisory Committee, bringing together partners from across public and private sectors, the federal government, and multiple non-profit homeless housing organizations.

**Durham Named 2016 Digital Cities Survey Winner.** The City moved from 8th Place Win Last Year to 1st Place Win This Year in its Population Category. **The Technology Solutions Department was nationally recognized again for its technology use to improve transparency, security, and IT infrastructure and the work of the City's strategic planning leadership team to align IT and other initiatives to the Strategic Plan goal of an Innovative and High Performing Organization, and the City's new website,** which was a finalist in the 2016 Best of the Web Award for Excellence. Other accomplishments noted were Durham's open government and open data programs that offer mobile access to services and information, such as the new resident engagement initiative City Hall on the Go! — a Wi-Fi-enabled truck that takes City services to neighborhoods and events.

**The City's Fleet Management Department has been named to the 100 Best Fleets in the Americas™ for 2017.** Durham ranked in seventh place, which is the highest ranking North Carolina city on the list and the highest ranking achieved to date by the department. **The 100 Best Fleets Program recognizes and rewards peak-performing fleet operations in North America. This awards program identifies and encourages ever-increasing levels of performance improvement within the fleet industry.** The 100 Best Fleets award is based on numerous criteria including standard operating procedures, business plans, emergency operations planning, service level agreements, insourcing guidance, cost analysis, safety, audit criteria, and benchmarking.

**Durham Recognized in Top 50 Leading Fleets for 2017 by Government Fleet magazine and the American Public Works Association.** The awards program recognizes operations that are performing at a high level, particularly in fleet leadership, competitiveness and efficiency, planning for the future, and overcoming challenges

## SAFE AND SECURE COMMUNITY

Provide safe and secure neighborhoods which are fundamental to the quality of life and economic vitality of the City by helping the community enjoy a strong sense of personal safety.

### **Public Safety**

Funding for **Active Assailant Equipment** to implement an Active Shooter Emergency Response Plan, following the guidance and recommendations of the United States Fire Administration and the Federal Emergency Management Agency. This program will be developed through a collaborative effort between the Durham Police Department and the Durham Fire Department.

Funding for **Fire Station 17 Staffing (30 FTEs)** to add two new fire companies to Fire Station 17 to account for the current and projected increase in population density. Fire Station 17 is currently under construction at the corner of Doc Nichols Road and Leesville Road.



Funding is included for year two of the **Take Home Car Program** to encourage City residency and provide increased police presence within the community.

Funding to add three FTEs for **Audio Video (AV) Support** to support the Police Department's growing audio/video programs including body worn cameras.

Funding for replacement of the **Police Department's oldest Mobile Data Computers (MDC's)**. The initiative will support a four-year replacement cycle, which is consistent with the program's previous replacements. The department's current MDC inventory totals 217 with 28 more on order for the Take Home Program for a total of 245 in FY17.

Funding for **police in car camera (ICC) replacement program**. The inventory totals 176 cameras; the funding is to start an annual replacement of 30 cameras per year. Replacements will target units that are out of warranty causing frequent downtime and excessive repair expenses.

Funding is included to support contracts with the Administrative Office of the Courts (AOC) for a **Domestic Violence Judge, Domestic Violence Assistant District Attorney, Witness/Victim Legal Assistant, and Gang Assistant District Attorney**.

The Office of Justice Programs has awarded Durham County a two-year **OJJDP grant to implement the Cure Violence Model** (aka Bull City United). The City of Durham is being contracted to provide the services of a **Crime Analyst**, which will be assigned to the Criminal Intelligence Unit within the Durham Police Department. This is a full-time position (with benefits) for the duration of the grant, which is two years from the date of hire. Currently there are five Crime Analyst and one Supervisor position that are supported by the DPD General Fund budget.

## THRIVING AND LIVABLE NEIGHBORHOODS

Strengthen the foundation, enhance the value and improve the quality and sustainability of neighborhoods.

### Affordable Housing

The FY 2017-18 proposed budget includes an additional 1 cent (per \$100 assessed value) funding for the Dedicated Housing Fund to support the Five Year Affordable Housing Plan. This plan will allow the City to create, preserve or repair 1,150 affordable units over five years. Each year the plan aims to create 75 affordable rental homes, preserve 70 rental homes and create or repair 70 owner occupied homes.

### Parks and Recreation

Following recommendations from City Council, Parks and Recreation staff conceptualized a **new Teen Program** that will include enhanced programming and marketing for youth and teens. The Teen Program will include drop-in programs during the afterschool time of 3 pm – 7 pm at four recreation centers, with implementation in September 2017. There will be a part-time Marketing Coordinator, which will allow staff to provide the increased marketing support necessary to implement a marketing campaign designed to increase teen participation in this and all programs. **This campaign will also include the development of a Teen Marketing Ambassador program (1 staff per center, ages 14-17), a mobile friendly, fresh/timely website, and an increased social media presence.**

Following recommendations from City Council, **this budget eliminates additional fees for youth/teens in an attempt to increase turnout by decreasing potential barriers to access.** For FY2017-18, eliminated fees for youth/teens will include: Daily Passes, Lap Swim, and Outdoor Pool Admissions.

Parks and Recreation staff has developed a **signage system to mark the entrance to Durham Parks**. The approved FY2017-18 initiative will be an expansion of this system to enhance wayfinding to City park and trail assets, to advertise interior park assets, and to show ownership and display park rules.



### **Housing and Code Enforcement**

Neighborhood Improvement Services will continue to **enforce compliance** at substandard properties, remediate unsafe houses, clean up weedy lots, and remove graffiti and abandoned vehicles from neighborhoods. In addition, the department strives to bring **fair housing awareness** to social service organizations and the community through enhanced fair housing education and outreach to organizations and families with individuals who have mental, intellectual and developmental disabilities.

### **Community Engagement**

Community Engagement serves to strengthen involvement in Durham communities, creating a welcoming environment for public civic participation, reinvigorating the partnership between the community and government. Working with the community, staff informs and encourages residents to participate in City Council Meetings, Coffee with Council, City/County Boards and Commissions, and community meetings and events. All Durham residents, regardless of their backgrounds, have the opportunity to be actively engaged in civic affairs and the inclusion of more voices in civic dialogue, affairs and decision making result in a healthier and more vibrant City of Durham.

### **Targeting Distressed Neighborhoods**

Staff continues to take a holistic approach to improve Durham's most distressed neighborhoods. Part of this effort includes providing support to the **Mayor's Transformation in Ten Initiative (T<sup>2</sup>)** which is a data driven, community-led, collaborative effort to reduce poverty in Durham communities. T<sup>2</sup> is currently focused on Census Tract 10.01, Block Groups 2 and 3. Six taskforces were formed to develop an agenda and priority to address the issues of poverty, unemployment, and per capita income in this area.

### **Transit Services and GoDurham**

The budget includes **3.56 cents per \$100 of the property tax rate** to provide continued funding of core transit services.

### **Arts and Culture**

Durham's arts and culture is enriched by its history, heritage, and diversity. Thoughtful investment in arts and culture initiatives also generate significant economic benefits for cities.

Funding in the amount of **\$45,400** has been allocated again for the **Annual Durham Holiday Parade**. The hugely successful Holiday Parade returned last year for the first time since 2009. It is expected that this long-standing tradition **will again be a positive, safe, family-friendly, and entertaining event to promote pride in our community.**

The City will continue its management agreements with the **Carolina Theatre**, the **Durham Arts Council** and **St. Joseph's Historic Foundation** for \$654,050, \$685,715 and \$292,000 respectively.

An increase in the annual appropriation to the Capital Improvement Plan (CIP) **Public Art Fund** from \$20,000 to \$75,000 is also included in the budget.

## **A STRONG AND DIVERSE ECONOMY**

Maintain and grow a strong and diverse economy through a variety of business, industrial and employment opportunities to benefit the entire Durham community.

### **Economic Development and Revitalization**

Together the departments of **Economic & Workforce Development**, **Planning** and **Inspections** work collaboratively to encourage new and existing development. A business friendly environment is achieved by providing outstanding customer service through **small business development assistance**, **timely plan reviews**, and **field inspection services**. The **"One-Stop-Shop"** Development Services Center (DSC) opened in April, 2017 providing a user friendly environment guiding residents and developers through the review process efficiently and effectively.



### **Workforce Development Strategies**

The Workforce Development Board strives to serve job seeking adults and laid-off workers, youth, and residents returning from incarceration with job preparedness skills and work experience programs funded with City and Federal dollars. In addition, this team works with local area businesses to identify skill sets needed to prepare job seekers for available positions.

## **STEWARDSHIP OF CITY'S PHYSICAL AND ENVIRONMENTAL ASSETS**

Thoughtful planning and operations that ensure the long-term viability of the City's infrastructure, facilities, and environment.

### **Facility and Asset Maintenance**

To continue to address maintenance needs outside of the CIP, all deferred maintenance requests have been prioritized and funding is applied to projects in priority order. This year an **additional \$900,000** has been allocated in one-time funding for deferred maintenance, giving the department \$1.7 million for FY18 (\$800,000 had already been allocated in recurring dollars). This additional funding is to (1) cover identified immediate maintenance priorities for FY18 and (2) respond to the Resident Satisfaction Survey results regarding maintenance needs for City facilities.

### **Facility Security**

This budget includes a resource to coordinate, manage, and oversee security infrastructure, security initiatives, coordination among end user departments and City administration support departments, such as Technology Solutions and Risk Management. The **Security Program Coordinator** will serve as the business leader responsible for the development, implementation, and management of the organizations' security vision, strategy, and programs.

### **Protecting the Environment**

The City will transform the way it measures and analyzes energy and water use in its buildings to improve efficiency and save tax payer dollars.

Solid Waste Management is **replacing downtown dumpsters with compactors** in an effort to enhance efficiency and aesthetics. Two will be installed by the end of FY16-17 using \$75,130 from the BID Fund and three will be installed in FY17-18 using \$112,695 from the BID Fund.

Solid Waste Management will also be insourcing **Cart Maintenance Services** in FY18. This will result in anticipated annual net savings to the Solid Waste Fund of roughly \$40K.

The **Waste Characterization Study** was completed in FY15-16 and is still being evaluated by Solid Waste Management staff. The department is in the process of implementing several key recommendations, including:

- (1) An increased marketing/education effort (e.g. Time Warner Cable commercials, the "Put your Trash on a Diet Campaign," an ad with other municipalities in the INDY, and additional promotional materials at events).
- (2) An **Organics Composting Pilot** approved as a New Initiative for FY17-18 that will initially incorporate yard and food waste. In later years, it will involve a partnership with the Department of Water Management to compost bio-solids. This pilot is not anticipated to require any new resources, and a full-scale program developed later will likely lead to cost savings for the City.
- (3) A behavioral economics project through the Duke Center for Advanced Hindsight. This project utilizes stickers on trash carts (along with a one page flyer left on doors) to connect average waste disposal levels (70%) to potential cost savings by reducing the cost of trash disposal and diverting to recycling.



## CAPITAL IMPROVEMENT PROGRAM (CIP) AND DEBT

The FY 2018-2023 Capital Improvement Program (CIP) is presented to the City Council in a companion document to the FY 2017-18 annual budget. **The capital improvement budget includes \$136.9 million for new projects and to complete existing projects.** Funding is provided through Water and Sewer revenues and revenue bonds, General Fund financings, pay-as-go funding, Parking and Stormwater fees.

Funding is proposed for \$11.5 million in General Fund capital projects for projects that were deemed a priority and essential to the City's capital infrastructure needs. The remaining \$124.7 million of CIP funding was dedicated to Water and Sewer and Stormwater, and other enterprise projects. The City is committed to providing complete and ongoing communications to residents and the City Council about the progress of all projects. To monitor the status of any capital project, citizens can visit our website at <http://www.durhamnc.gov/cip>.

The FY2017-18 budget includes **13.02 cents per \$100 tax** for debt and capital projects, to continue to fund capital and infrastructure needs.

### **General Capital Projects FY 2017-18:**

- \$0.31 million for Citywide Security Upgrades, Ph. II (address security issues at Fleet, Solid Waste, GS, DPR and PWOC)
- \$0.85 million for Future Trails (address design of priority greenway projects)
- \$0.5 million for Failed & Struggling Developments (address infrastructure)
- \$0.35 million for Energy Management Project (address City Hall HVAC controls/Lighting)
- \$0.25 million for Campus Hills Recreation Center (address baseball field lighting replacement)
- \$0.135 million for Lyon Park Restroom Project (address renovation of restroom facility)
- \$2.0 million for Public Safety Radio Replacements
- \$0.075 million for Public Art
- \$4.5 million for Federal State Matching Projects
- \$1.5 million for sidewalk repair (citywide sidewalks and curb/gutter repairs)
- \$0.10 million for Bicycle Facilities projects
- \$0.51 million for Miscellaneous Thoroughfares (installation of pedestrian signals at various intersections)

### **Impact Fee Project:**

- \$0.25 million for Rock Quarry Park Renovation (addresses the improvements needed to hold event programs at the facility)

### **Parking Fund Projects:**

- \$20.5 million for new Downtown Parking Garage (construction)

### **Solid Waste Fund Projects:**

- \$0.15 million for Customer Convenience Center Improvements
- \$2.25 million for the Annex and Truck Wash Project

### **Stormwater Projects:**

- \$3.19 million to address flood plain management, drainage repairs, retrofits and major stormwater infrastructure

### **Water and Sewer Projects:**

- \$121.5 million for water and sewer improvements including water and sewer rehabilitation, distribution, water residuals, and construction



**Fleet:**

- \$9.31 million for General Fund, Inspections Fund, Solid Waste, Stormwater, Transit, and Water Management fleet vehicles.

**Street Maintenance:**

- \$6.6 million to address annual ongoing maintenance of streets and sidewalks. The allocation was increased by \$3,600,000 from the previous fiscal year.

## CONCLUSION

We are at a time of transition for Durham. Our City has come a long way, thanks to the leadership of Mayor Bell and other members of the City Council, but Durham still faces challenges. The growth that occurred in our community has left some residents behind, unable to afford the only home they have known. Needed investments in infrastructure, like sidewalks and roads will be expensive and will take time. Many of our neighbors live in poverty and others face challenges from our criminal justice system. As always, the City needs to maintain the fiscal discipline necessary to balance all of our community's complex needs. This budget makes investments to address those challenges yet remain fiscally disciplined.

Great things will continue to happen in Durham. Any resident of Durham should be able to find something in this budget to be excited about—from continuing to invest in affordable housing to ensuring our parks and programs are available to all residents of Durham. The new iTeam that is being created (with a grant from Bloomberg Philanthropies) will help us to work with the community to address the structural challenges residents face in our criminal justice system. The new Durham Bike and Pedestrian plan will help us achieve a vision of our City accessible to all, and that our roadways are shared with everyone. I believe this budget shows we are being strategic toward building an inclusive community that has an eye toward a better future for all residents.

The uncertainty and challenges facing our nation will no doubt impact Durham over the coming years, but it is our job to continue to ensure that Durham remains rich in opportunities and community resources. It is important that we work to solve the complex issues that we face with forward-thinking solutions. I believe the many programs and services that the City provides create a community that has a strong and diverse economy, is safe and secure, and has thriving and livable neighborhoods. Our organization will remain innovative and high-performing while we continue to be responsible stewards of the resources our residents have entrusted to us.

I want to extend my appreciation and thanks to the management team for their creativity and prudent administration, to all City employees who have continued to provide excellent service and to all departments for their great work in developing this budget. In closing, special recognition and thanks to Budget and Management Services Director, Bertha Johnson, and the entire Budget and Management Services staff for their leadership in the development of the budget and continued execution of our Strategic Plan.

**As we bid farewell to Mayor Bell, we should all strive to continue his legacy of hope, perseverance, and a vision for what our community can become. By continuing his legacy, great things will happen in Durham.**

Respectfully Submitted,



Thomas J. Bonfield  
City Manager